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Message Text

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13
ACTION EA-10

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-10 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-01 H-02 INR-07

INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-02 RSC-01 AID-05

CIEP-02 SS-15 STR-04 TAR-01 TRSE-00 USIA-15 PRS-01

SP-02 OMB-01 SWF-01 OIC-02 /130 W
---------- 103574
R 060818Z DEC 74
FM AMEMBASSY SINGAPORE
TO SECSTATE WASHDC 1642
INFO AMEMBASSY BANGKOK
AMEMBASSY BRUSSELS
USMISSION GENEVA
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA

UNCLAS SINGAPORE 4888

E.O. 11652: N/A
TAGS: ASEAN, ETRD
SUBJ: REGIONAL TRADE NEGOTIATION INITIATIVES: SINGAPORE, ASEAN
AND THE MTN

REF: A) MANILA 13882; B) STATE 242878

BEGIN SUMMARY. DETAILS OF A COMMON ASEAN APPROACH TO MTN HAVE YET TO BE WORKED OUT. SINGAPORE, WHILE KEEPING A LOW PROFILE, WILL SUPPORT A STRONG COMMON ASEAN POSITION. BECAUSE OF ITS DEPENDENCE ON EXPORTS, SINGAPORE TAKES MTN VERY SERIOUSLY. ITS APPROACH TO THEM WILL BE INFLUENCED BY ITS EXPERIENCE AS PARTICIPATOR IN ASEAN/EEC NEGOTIATIONS. ITS CHIEF INTEREST IN MTN WILL BE THE LIBERALIZATION OF DEVELOPED COUNTRY GSPS. END SUMMARY.

1. RECENT COMMENTS OF GOS DEPARTMENT OF TRADE OFFICIALS REGARDING
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SEPTEMBER 16-20 MANILA ASEAN MEETING ARE WHOLLY CONSISTENT WITH

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OBSERVATIONS REFTEL A. THAT IS, LITTLE DETAILED DISCUSSION OF COMMON ASEAN APPROACH TO MULTILATERAL TARIFF NEGOTIATIONS HAS YET TAKEN PLACE, AND LITTLE THINKING APPEARS TO HAVE BEEN DONE BY ASEAN REGARDING SPECIFIC MTN GOALS AND NEGOTIATION STRATEGY.

2. ONE REASON GIVEN BY SINGAPOREANS FOR TARDINESS OF ASEAN NATIONS TO ORGANIZE FOR MTN IS THAT THE FAILURE TO DATE OF THE UNITED STATES TO PASS THE TRADE BILL, AND CONSEQUENT LACK OF A U.S. GENERAL SYSTEM OF PREFERENCES, HAS LED TO ADOPTION OF "WAIT AND SEE" ATTITUDE.

3. SINGAPOREAN THINKING ON MTN APPEARS TO BE HEAVILY INFLUENCED BY ITS EXPERIENCE WITHIN ASEAN OF NEGOTIATING WITH EEC. THESE NEGOTIATIONS HAVE OFTEN CENTERED AROUND ASEAN ATTEMPTS TO GET EEC CONCESSIONS IN GSP, SUCH AS INCLUSION OF ADDITIONAL PRODUCTS AND LIBERALIZATION OF RULES OF ORIGIN BY MEANS OF REDUCING THE REQUIRED LOCAL CONTENT OF EXPORTS.

4. WHEN INTRA-ASEAN MTN DISCUSSIONS GET TO COMMODITY-BY-COMMODITY STAGE, IT APPEARS LIKELY FROM HERE THAT THE COMMON ASEAN POSITION WILL BE SIMILAR TO THAT IT HAS TAKEN TOWARDS EEC; THAT IS, ASEAN WILL BE SEEKING CONCESSIONS IN SUCH PRODUCT AREAS AS TEXTILES, PLYWOOD, AND ELECTRONIC PRODUCTS (TRANSISTOR RADIOS, CALCULATORS, ETC.).

5. AS FOR SINGAPOR'S OWN PARTICULAR MTN GOALS, LITTLE IS KNOWN AT THIS STAGE, AND NAMES OF ITS DELEGATION MEMBERS HAVE NOT BEEN AN-NOUNCED. IT IS PROBABLE, HOWEVER, THAT SINGAPORE SEES MTN AS AN ADDITIONAL OPPORTUNITY TO SEEK REMOVAL OF DISTASTEFUL EXISTING RESTRICTIONS, PARTICULARLY THE STRICT RULE

OF ORIGIN REQUIREMENTS
IN GSPS OF JAPANN THE EEC AND OTHER DEVELOPED COUNTRIES.

6. A SINGAPORE DEPARTMENT OF TRADE OFFICIAL HAS INDICATED THAT HE EXPECTS THE EEC TO TAKE SOME ACTION SOON AGAINST SINGAPORE EXPORTS OF ELECTRONIC CALCULATORS TO THE EEC. SUCH ACTION WOULD BE MOST UNWELCOME TO SINGAPORE, AND SINGAPORE COULD BE EXPECTED TO SEEK ASEAN SUPPORT IN REVERSING IT IN THE MTN CONTEXT.

7. SINGAPORE HOPES TO PARTICIPATE IN THE MTN NEGOTIATIONS UNDER THE UNCLASSIFIED

ASEAN UMBRELLA AS AN LDC, AND THEREFORE BE GRANTED NON-RECIPROCITY IN ITS MTN NEGOTIATIONS. IT IS AWARE, HOWEVER, THAT SEPTEMBER'S TOKYO MTN PRELIMINARY MEETING CALLED FOR "OVERALL RECIPROCITY", WHICH IT INTERPRETS TO MEAN SOME QUID PRO QUO FROM THE MOST-DEVELOPED LDCS. WHILE RECOGNIZING IT DOES ENJOY A HIGHER STANDARD OF LIVING THAN ITS ASEAN NEIGHBORS, SINGAPORE FEELS IT IS NOT IN A POSITION TO GIVE DEVELOPED COUNTRIES QUID PRO QUOS BECAUSE IT PRESENTLY HAS NO IMPORT ITEM ON QUOTA, AND ITS TARIFFS ARE EXTREMELY LOW.

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8. SINGAPORE FEELS THAT THE PROPOSALS TO LIBERALIZE TRADE WITHIN ASEAN WILL BE VERY MUCH TO ITS ADVANTAGE, AND INTRA-ASEAN HARMONIZATION AND LIBERALIZATION
OF TARIFFS, HOPEFULLY ACCEPTABLE TO GATT,
CAN ONLY BENEFIT BECAUSE SINGAPORE'S EXISTING DUTIES ARE GENERALLY LOWER THAN ITS ASEAN PARTNERS.

9. SINGAPORE'S INTERESTS IN MTN WILL DIFFER FROM THOSE OF THE OTHER ASEAN MEMBERS IN THAT SINGAPORE IS PRIMARILY INTERESTED IN A BETTER DEAL FOR ITS MANUFACTURED GOODS IN DEVELOPED COUNTRY MARKETS. HOWEVER, AS A QUID PRO QUO FOR ANTICIPATED ASEAN SUPPORT FOR ITS MANUFACTURERS, AND BECAUSE OF ITS OWN ENTREPOT TRADE, SINGAPORE WILL LIKELY BE PREPARED TO SUPPORT A FAIRLY STRONG COMMON ASEAN POSITION ON AGRICULTURAL AS WELL AS MANUFACTURED PRODUCTS.

10. ALTHOUGH SINGAPORE ACCEDED TO GATT ONLY LITTLE MORE THAN A YEAR AGO, IT CONSIDERS MTN TO BE VERY IMPORTANT IN VIEW OF ITS NEED TO INCREASE EXPORTS. SINGAPORE KEEPS CLOSELY ABREAST OF GATT DEVELOPMENTS THROUGH ITS PERMANENT MISSION IN GENEVA, AS WELL AS ASEAN SENIOR TRADE OFFICIALS GROUP. GRANT

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